



ACN 080 911 454

## ARAFURA RESOURCES LIMITED (ASX: ARU)

### REALISATION OF IRON ORE ROYALTIES

### FRANCES CREEK, NORTHERN TERRITORY

**(ARU 100%) 6 JULY, 2007**

Arafura is pleased to announce it has reached an agreement for Territory Resources Limited (ASX: TTY) to acquire some of its none-core tenements and residual royalty rights in the Frances Creek area south of Darwin.

There was in place an agreement for Territory Resources to explore for and mine iron ore on the Frances Creek tenements with a royalty payable to Arafura on all iron ore extracted. The royalty was at a fixed price and was not sensitive to the underlying iron ore price.

In 2006, Arafura received \$750,000 as a prepayment on future royalties from Territory.

In consideration for the sale of all rights except gold, Arafura will receive \$2,500,000 in two tranches:

- o \$1,250,000 on acceptance of the agreement and
- o \$1,250,000 by 31<sup>st</sup> December 2007.

Arafura Managing Director, Alistair Stephens said, " This agreement realises value and provides a lump sum of cash to the company which can be utilised more appropriately with the company's flagship Nolans Rare Earths project, which is nearing the pilot plant stage. The auditing and compliance procedures required to monitor the royalty process will now also be avoided freeing up personnel to concentrate on the scoping studies for the Nolans Project. Territory will now also be responsible for environmental and rehabilitation programmes over this area."

All further enquiries should be directed to:

Alistair Stephens – Managing Director  
Arafura Resources Limited  
Telephone: (08) 9221 7666

Level 4/16 St Georges Terrace, Perth WA 6000 ■ PO Box 3047, Adelaide Terrace, Perth WA 6832  
■ T: (618) 9221 7666 ■ F: (618) 9221 7966 ■ E: [arafura@arafuraresources.com.au](mailto:arafura@arafuraresources.com.au) ■ W: [www.arafuraresources.com.au](http://www.arafuraresources.com.au)